

# Colonial

De conformidad con lo establecido en el artículo 228 de la *Ley 4/2015, de 23 de octubre, del Mercado de Valores*, Inmobiliaria Colonial, S.A. ("**Colonial**") comunica el siguiente

## HECHO RELEVANTE

Como continuación al Hecho Relevante publicado con fecha 16 de febrero de 2016 con número de registro 234915, Colonial remite documentación de soporte a la presentación a analistas e inversores relativa a los resultados correspondientes al ejercicio 2015, que se celebrará hoy lunes día 22 de febrero de 2016 a las 19:00 horas (CET) a través de un *webcast*.

Los datos de conexión a la conferencia se detallan a continuación:

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La presentación online será visible a través del siguiente link:

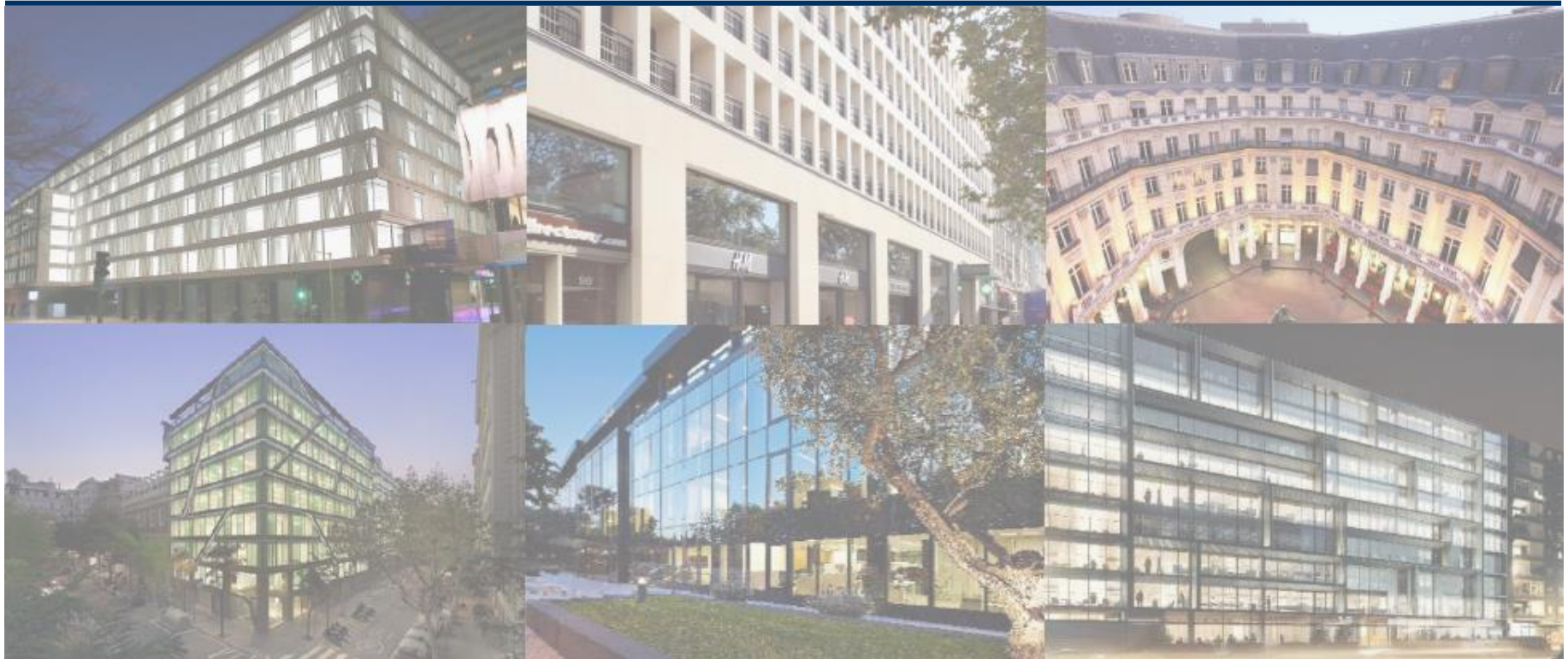
<http://event.onlineseminarsolutions.com/r.htm?e=1120347&s=1&k=27C70D9629C79823FD0C95FBFD9C314A>

Adicionalmente, la presentación de resultados semestrales estará disponible en la página web de la Sociedad.

En Barcelona, a 22 de febrero de 2016.

# Colonial

## 2015 Annual Results Presentation



*Colonial*

Most Improved  
Annual Report

FINANCIAL REPORTING

EPRA  
BPR  
GOLD

FINANCIAL REPORTING

22 February 2015

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## AGENDA

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- 1 Highlights
- 2 Macroeconomic context & office markets
- 3 Operating performance
- 4 Financial review
- 5 Growth drivers
- 6 Conclusion

## PRESENTING MANAGEMENT TEAM

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Pere Viñolas  
*CEO*



Carmina Ganyet  
*Corporate Managing Director*



Carlos Krohmer  
*Chief Corporate Development Officer*



# 1

# HIGHLIGHTS



# 1 HIGHLIGHTS 2015

## *A year of outstanding performance*

### A strong set of Results

- EPRA NAV of 62cts€/share: +29% of Total Return
- Gross Rental Income, +9% (+6% like for like)
- Recurring Income, +121%
- Net Profit of €415m

### Performance & Operations

- Record volume of lettings: more than 163,000 sq m in a year
- Strong momentum in office occupancy, +845bp up to 94%
- Capturing reversionary potential in rental cash flow
- Successful delivery of projects / value added strategies
- Selective acquisition plan on track with attractive returns

### Finance Highlights

- First ever and only Spanish property company with Investment Grade Rating
- Successful issue of €1,750m of bonds
- Financial cost of 2.27% (-104 bp)
- LTV of 41.8% at year end (-230 bp)
- Most improved & Gold Award in EPRA BPR
- Significant increase in analyst coverage



# 1 HIGHLIGHTS 2015

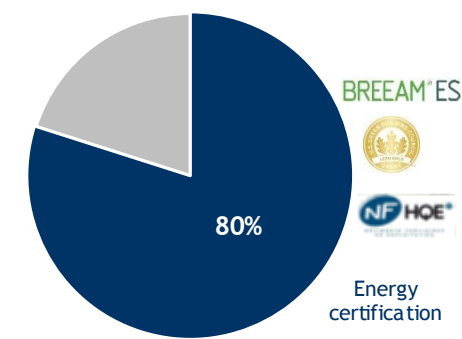
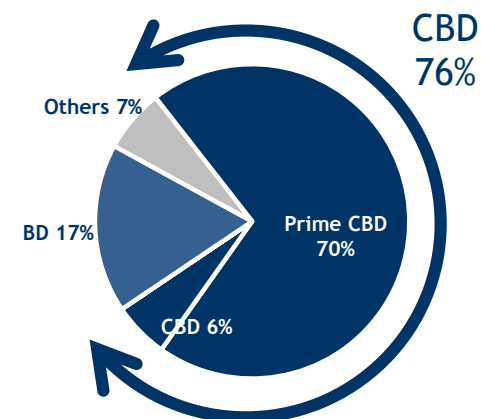
## A year of outstanding performance

A year of outstanding performance in every key performance indicator

- EPRA NAV of 62cts€/share: +29% y-o-y growth
- Strong letting activity with significant improvement of occupancy
- Double digit GAV growth in all markets through value added strategies and prime CBD positioning
- High quality credit profile with prudent LTV

	2015	Var. 12 months
EPRA NAV (cts.€/share)	62 cts €/sh.	+29%
Recurring Net Profit	€37m	+121%
Net Profit	€415m	+€624m <sup>(1)</sup>
Gross Asset Value	€6,913m	+16% LFL
EPRA Occupancy - Office Portfolio	94%	+845 bps
Gross Rents	€231m	+6% LFL
Recurring EBITDA	€178m	+8% LFL
Acquisitions & Repositioning	€362m	→ Acquisitions 100% CBD
Group LTV	41.8%	(230pb)
Rating Standard & Poor's	BBB- Stable Outlook	
Finance cost Group	2.27%	(104pb)
Maturity Group	4.8 years	+0.9 years

### Business Mix - GAV Group



(1) Before discontinued operations divested in 2014

# 2

# MACROECONOMIC CONTEXT & OFFICE MARKETS





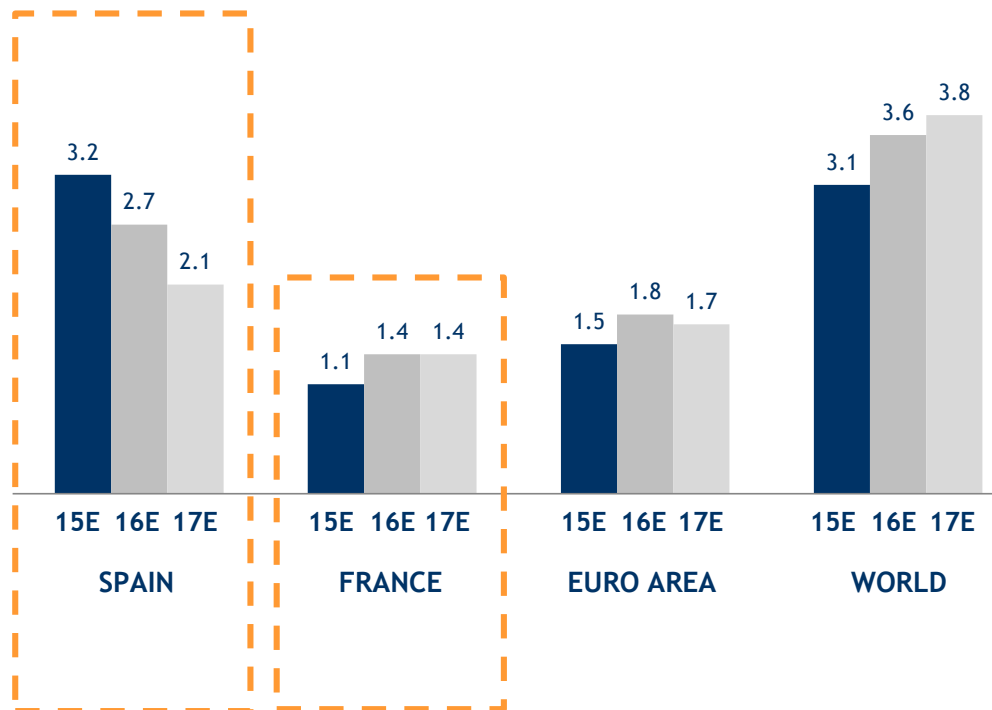
## 2 MACROECONOMIC CONTEXT & OFFICE MARKETS

### Macroeconomic context

Global growth affected by China and Oil Price, however:

- Spain remains with strong fundamentals and high GDP growth prospects
- France with increasing growth momentum in coming years

#### GDP Growth



#### Market Trends

- |        |   |
|--------|---|
| SPAIN  | <b>Robust Growth with strong fundamentals</b>   |
|        | <ul style="list-style-type: none"> <li>✓ More than 540,000 jobs created in 2015</li> <li>✓ Ongoing decrease of unemployment expected</li> <li>✓ Resilient exports, fuelled by continued improvements in competitiveness</li> <li>✓ Inflation to turn slightly positive over the next years</li> </ul>   |
|        | <b>Signs of recovery gaining positive momentum</b>  |
| FRANCE | <ul style="list-style-type: none"> <li>✓ Growth slowly gaining momentum, mainly driven by private consumption</li> <li>✓ Low energy prices will improve the financial position of households and businesses</li> <li>✓ Resilient employment in service sector: 80% of employment in Ile-de-France (IDF)</li> <li>✓ Acceleration of employment in service sector expected for 2016, especially in IDF</li> </ul> |

## 2 MACROECONOMIC CONTEXT & OFFICE MARKETS

### Rental Market - Offices

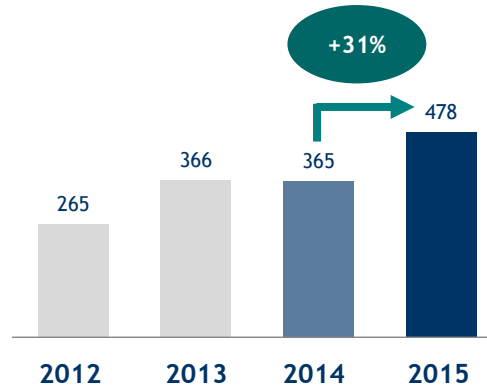
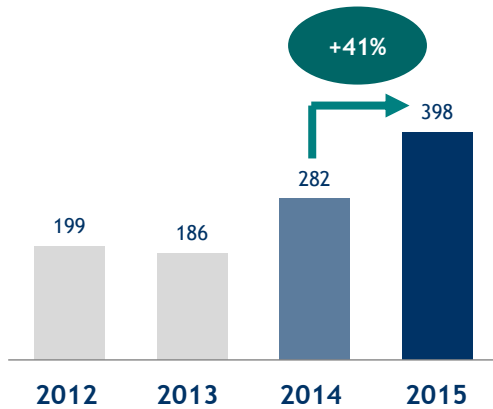
Increasing momentum in take up faces scarcity of Grade A availability in CBD

#### BARCELONA

#### MADRID

#### Increasing take-up vs. scarce supply

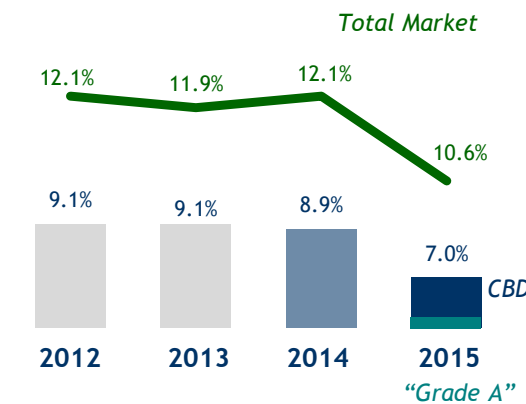
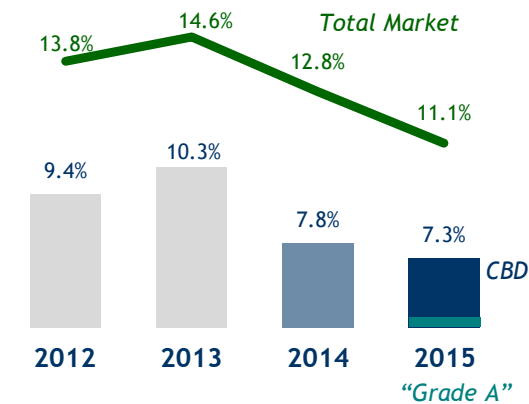
TAKE-UP ('000 sq m)



#### Take-up

- ✓ Barcelona with strong take-up momentum +41%
- ✓ Madrid close to 500,000 sq m of take up +31%

VACANCY %



#### Availability & Supply

- ✓ Vacancy going down at 11% at both cities
- ✓ CBD at 7% vacancy
- ✓ Grade A product almost inexistent

#### Rental Prices

- ✓ Prime rents in CBD growing at year end
- ✓ BD & New Business Areas improving
- ✓ Periphery with weak fundamentals, prices decreasing or flat

Source: JLL

Source: JLL, CBRE & C&W

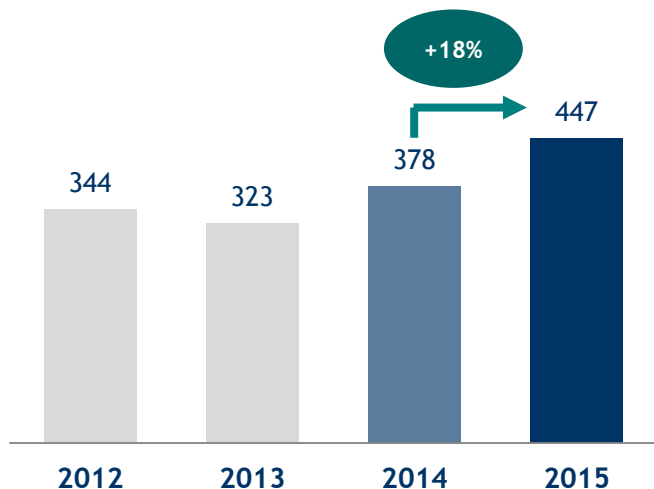
## 2 MACROECONOMIC CONTEXT & OFFICE MARKETS

### Rental Market - Offices

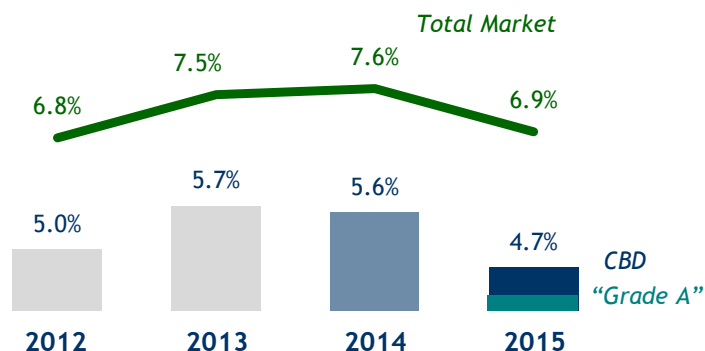
Increasing momentum in take up faces scarcity of Grade A availability in CBD

#### PARIS

TAKE-UP CBD ('000 sq m)



VACANCY %



Source: JLL & CBRE

#### Strong take-up vs scarce supply

##### Take-up

Above average performance of Paris CBD Market

- ✓ Take-up "Opera" +23%
- ✓ Take-up "Etoile" +15%

New technology firms entering Central Paris

##### Availability/Supply

- ✓ Grade A supply inexistent
- ✓ Immediately supply decreasing -21%
- ✓ Just 65,000 sq m of new/refurbished product available

##### Rental Prices

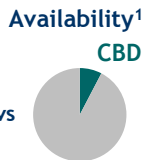
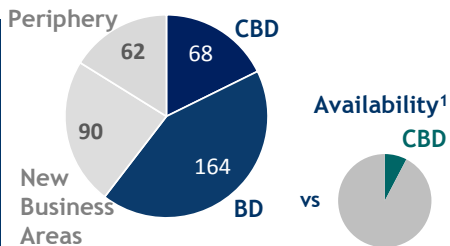
- ✓ Facial Prime Rents stable around 724€/sqm/year
- ✓ Ultra high quality products with even higher rents, e.g. #Cloud
- ✓ Economic rents increasing in CBD due to decreasing incentives

Source: JLL, BNP Paribas & CBRE

### Trends 2016 - Rental growth expected in CBD for the three cities

#### Take Up Analysis 2015

# of transactions



#### Trends 2016

Market Trends

Take up

ERV Growth

Incentives

- ✓ Ongoing Consolidation of take-up momentum
- ✓ Limited stock to persist with no speculative supply in CBD, quality & sustainability are key
- ✓ Rental growth acceleration expected
- ✓ 22@ submarket with relevant potential
- ✓ New companies entering the Barcelona market



- ✓ CBD & Central Areas with highest momentum
- ✓ CBD preference of international companies
- ✓ Sustainability, Quality & location are key
- ✓ Occupiers demanding GLA to grow
- ✓ Rising obsolescence of stock in CBD as source for new opportunities



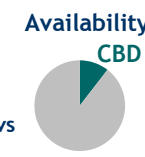
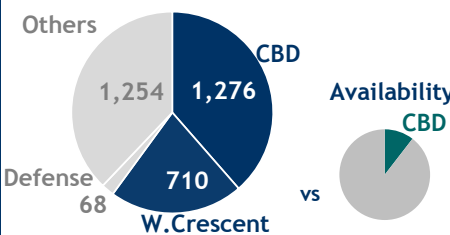
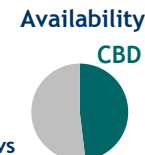
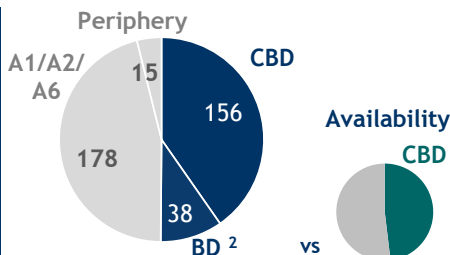
- ✓ Scarcity of high quality product in CBD
- ✓ Tiny speculative supply in Central Paris
- ✓ Accelerating obsolescence of stock
- ✓ New Economy firms entering Central Paris
- ✓ Rental growth acceleration in facial and economic rents



BARCELONA

MADRID

PARIS



Source: CBRE

Source: Colonial & analysts

(1) Availability in sq m  
(2) Inside M-30

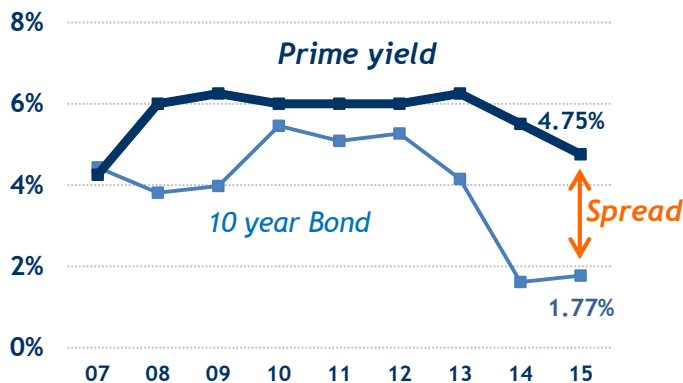
## 2 MACROECONOMIC CONTEXT & OFFICE MARKETS

### Investment Market - Offices

- Important yield compressions in every market
- Spread vs reference rates remain at very attractive levels
- Room for further capital value growth through:
  1. Additional yield compression for prime assets
  2. Increasing rental values in coming quarters

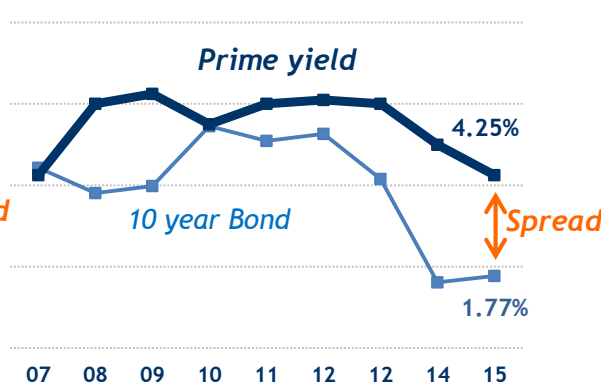
#### Prime Yields (1)

##### BARCELONA



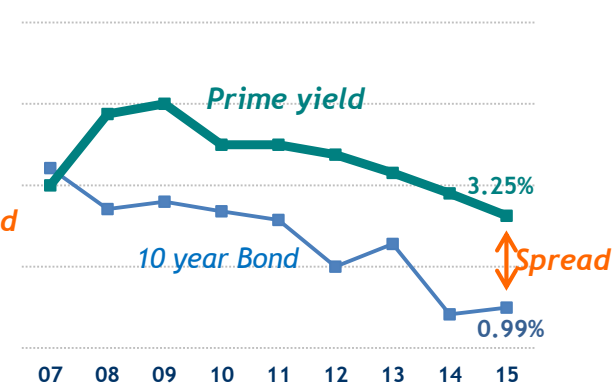
Investment volume of €530m

##### MADRID



Investment volume of €2,600m

##### PARIS



Investment volume of €29,000m

(1) Market consultants in Spain report gross yields and in France they report net yields

# 3

## OPERATING PERFORMANCE

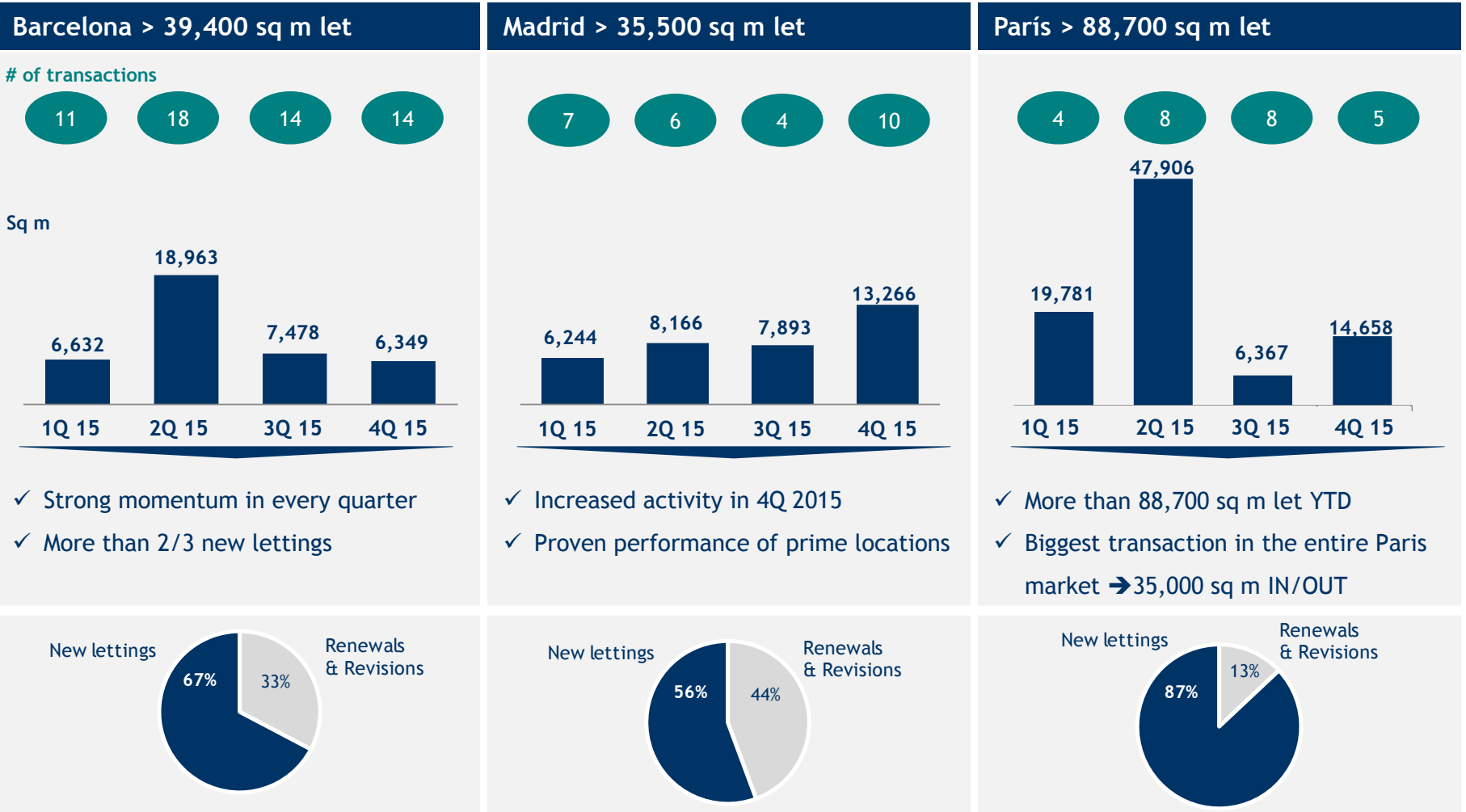


### 3 OPERATING PERFORMANCE - 2015

*Strong letting activity*

Continued positive momentum on letting activity in every market

- Barcelona catching up, Madrid consolidating strong performance
- Paris with record volumes, proven success of prime product

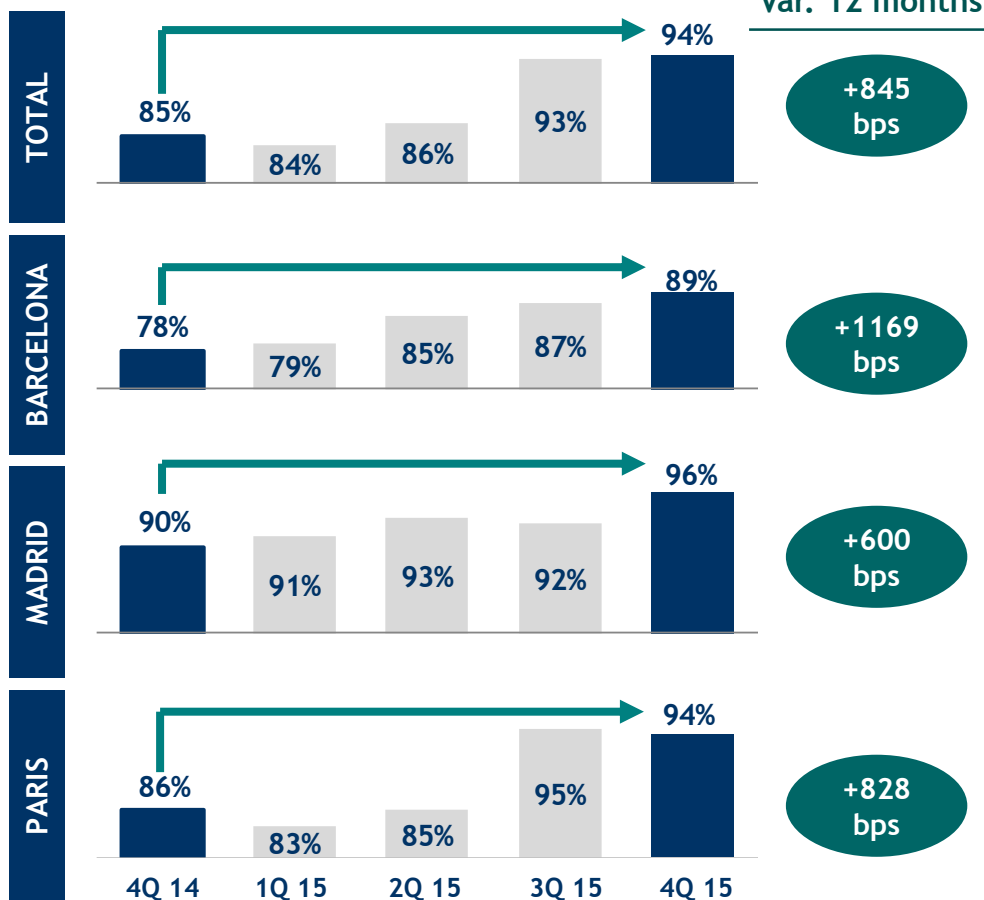


### 3 OPERATING PERFORMANCE - 2015

#### EPRA Office Occupancy improvements in office portfolio

EPRA Office Occupancy at 94%, +845 bps in 12 months

#### EPRA Financial Office Occupancy



#### EPRA Occupancy

##### Barcelona

Total Portfolio 90% / Office Portfolio 89%

- ✓ Improvement of +1169 bps in a year in office occupancy
- ✓ Strong momentum in second half

##### Madrid

Total Portfolio 96% / Office Portfolio 96%

- ✓ Improvement of +600 bps in a year in office occupancy
- ✓ Ratio close to pre crisis levels

##### Paris

Total Portfolio 95% / Offices Portfolio 94%

- ✓ Improvement of +828 bps in a year in office occupancy
- ✓ Ratio driven by success of repositioned product



### 3 OPERATING PERFORMANCE - 2015

#### Letting activity - Main Actions Barcelona

First Class Property Management ensures strong momentum in capturing high quality demand

#### Av. Diagonal, 409



52% →  
100% let

2,155  
sqm

NEINOR NORTE SL RATE MEDIA SL

#### Av. Diagonal, 682



63% →  
95% let

3,703  
sqm

AZ capital solventis

#### Trav. Gracia / Amigó

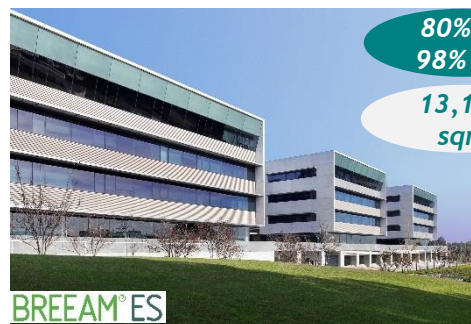


0% →  
49% let

3,670  
sqm

European Foundation for Information Society MOBILEAKS

#### Sant Cugat



80% →  
98% let

13,122  
sqm

BREEM<sup>ES</sup>  
BSIS Business Services for Information Systems, S.A. accenture Alto rendimiento. Hecho realidad. affinity

#### Berlín Numància



52% →  
77% let

3,797  
sqm

International Consulting Firm

#### Av. Diagonal, 530



63% →  
100% let

1,148  
sqm

BREEM<sup>ES</sup>  
Financial Entity

### 3 OPERATING PERFORMANCE - 2015

Letting activity - Main Actions Madrid

First Class Property Management ensures strong momentum in capturing high quality demand

Alfonso XII, 62



86% →  
97% let  
1,880  
sqm



Jose Abascal



72% →  
98% let  
3,801  
sqm



Ramírez Arellano, 37



100% let  
5,988  
sqm



Recoletos, 37-41



100% let  
6,002  
sqm

Financial Entity

Génova

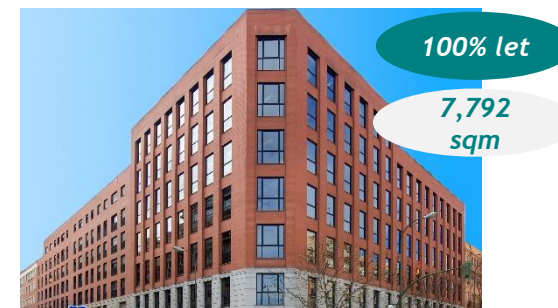


100% let  
1,845  
sqm

PRADA & ASOCIADOS



Ortega y Gasset



100% let  
7,792  
sqm

### 3 OPERATING PERFORMANCE - 2015

#### Letting activity - Main Actions Paris

First Class Property Management ensures strong momentum in capturing high quality demand

#### Le Vaisseau



100%  
pre let

6,026  
sqm



#### In/Out



0% →  
100% let

32,614  
sqm



#### #Cloud



90%  
pre let

24,105  
sqm



#### 131 Wagram



100% let

7,549  
sqm



#### Louvre Saint-Honoré



97% let

5,943  
sqm



# 3 OPERATING PERFORMANCE - 2015

## High quality tenant portfolio

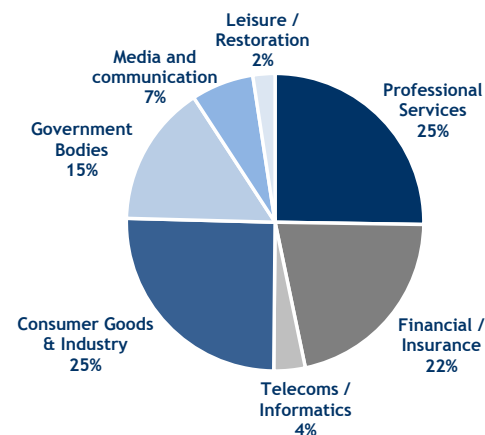
High quality premises attract and retain top tier tenants

- A well diversified tenant base with long-standing clients
- 2015 - another year of capturing many new high quality clients

### A well diversified tenant base of top quality clients



### Diversified sector mix

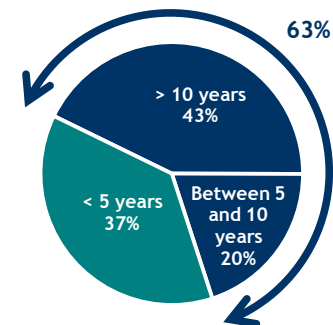


### Main new tenants captured in 2015



### Long standing clients

#### Length of time tenants stay



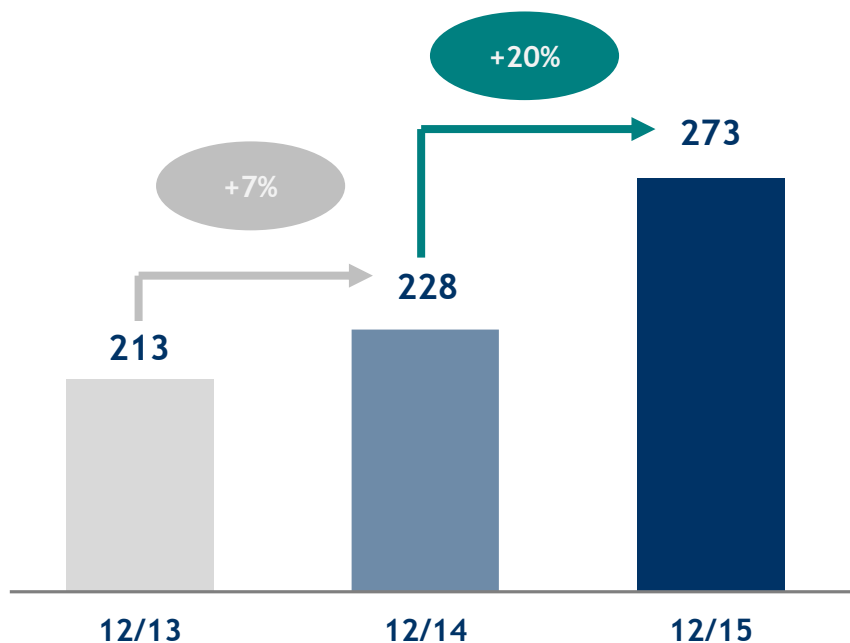
### 3 OPERATING PERFORMANCE - 2015

*Growth of rental cash flow accelerating*

Growth of rental cash flow accelerating

1. Significant increase of passing GRI in 2015
2. Current GRI growth mainly volume driven
3. Recovery of rental price cycle still to come through

#### Significant increase of Passing GRI<sup>1</sup> €m



(1) Topped-up passing GRI

#### Rental prices entering recovery

	Maximum rental levels signed	Recovery starts for prime CBD
<b>BARCELONA</b>	19 €/sqm/month	<ul style="list-style-type: none"> <li>Prices increase for some top products in CBD</li> <li>High quality repositioning key to attract demand</li> </ul>
<b>MADRID</b>	26 €/sqm/month	<ul style="list-style-type: none"> <li>Secondary areas still weak</li> </ul>
<b>PARIS</b>	780 €/sqm/year	<ul style="list-style-type: none"> <li>Paris outperforming previous year ERVs in top quality assets</li> </ul>

### 3 OPERATING PERFORMANCE - 2015

Successful project execution- Superior returns through value added strategies

- Highly successful value added strategies - Prime Factory Projects
- Superior returns & value creation for shareholders

#### #CLOUD.paris



- Project start 2012
- Released 90% prelet

ERV uplift	+42%
Capital Gain <sup>(1)</sup>	+54%
Yield on Cost	+6.1%

IRR ungeared<sup>(1)</sup> +16%

#### 90 CHAMPS ELYSÉES



- Project start 2012
- Released 90% prelet

ERV uplift <sup>(2)</sup>	+35%
Capital Gain <sup>(1) (2)</sup>	+38%
Yield on Cost <sup>(2)</sup>	+5.2%

IRR ungeared<sup>(1) (2)</sup> +10%

#### IN/OUT



- Project start 2011
- Released 100% let

ERV uplift <sup>(3)</sup>	+90%
Capital Gain <sup>(1)</sup>	+31%
Yield on Cost	+6.6%

IRR ungeared<sup>(1)</sup> +7%

<sup>(1)</sup> Capital gain and IRR from beginning of the Project until 12/2015 (exit at 12/15 GAV) <sup>(2)</sup> Including retail part (1st floor occupied by H&M) <sup>(3)</sup> Compared to Thomson CSF leasing conditions in 2009 21/45

### 3 OPERATING PERFORMANCE - 2015

Successful project execution- Superior returns through value added strategies

- Highly successful value added strategies - Prime Factory Projects
- Full re-pricing not yet captured -> substantial additional value to cristalize upon full market recovery

#### JOSE ABASCAL, 56



- Project start 06/2014
- Released 98% let

ERV uplift	+14%
Capital Gain <sup>(1)</sup>	+36%
Yield on Cost	+6.6%

IRR ungeared<sup>(1)</sup> +35%

#### TILOS, 2-6



- Project start 12/2013
- Released 100% let

ERV uplift	+19%
Capital Gain <sup>(1)</sup>	+17%
Yield on Cost	+6.1%

IRR ungeared<sup>(1)</sup> +16%

#### DIAGONAL 409



- Project start 06/2013
- Released 100% let

ERV uplift	+14%
Capital Gain <sup>(1)</sup>	+33%
Yield on Cost	+6.6%

IRR ungeared<sup>(1)</sup> +16%

<sup>(1)</sup> Capital gain and IRR from beginning of the Project until 12/2015 (exit at 12/15 GAV)

# 4

# FINANCIAL REVIEW





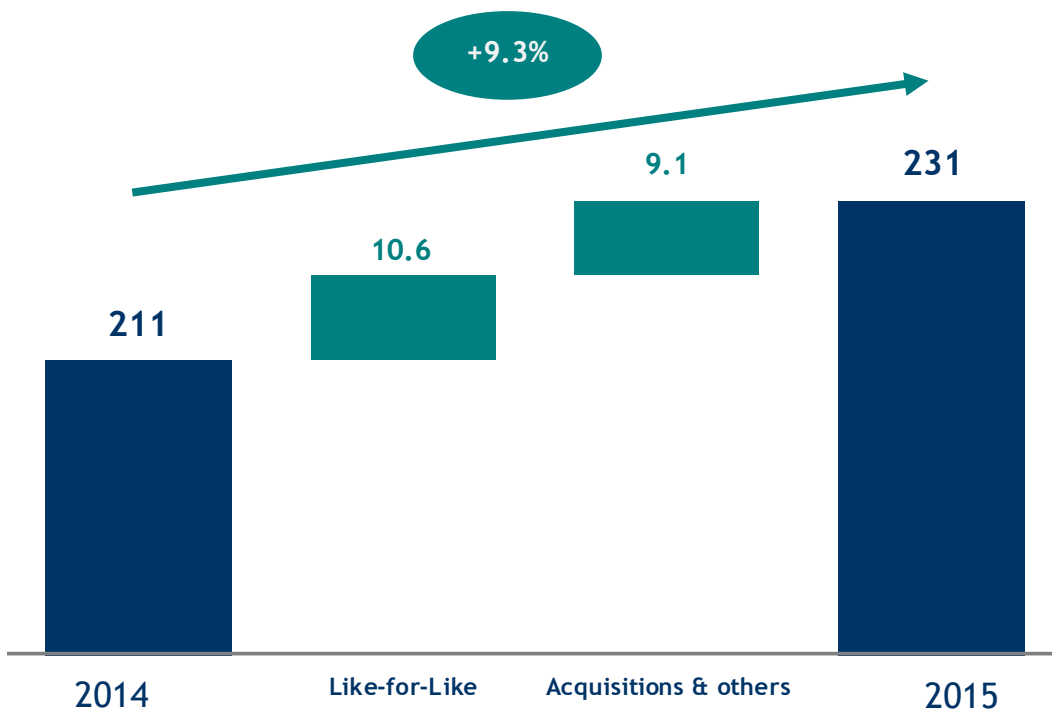
# 4 FINANCIAL REVIEW - 2015

## Strong top line growth

Strong top line growth driven by:

- Strong underlying growth of comparable portfolio
- Additional rents from new acquisitions

### Gross Rental Income - €m



### Gross Rental Growth



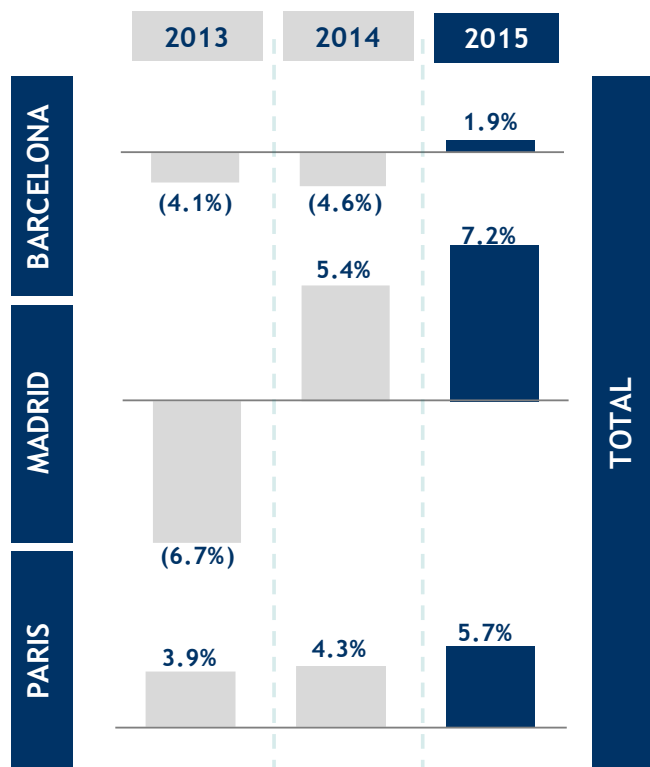
# 4 FINANCIAL REVIEW - 2015

## Strong underlying growth of portfolio

Strong recovery of gross rental income in all markets

- Madrid consolidates strong momentum & Barcelona achieves positive growth
- Paris remains with very good performance

### "Like for Like" Rental Growth



### Strong Recovery in all markets

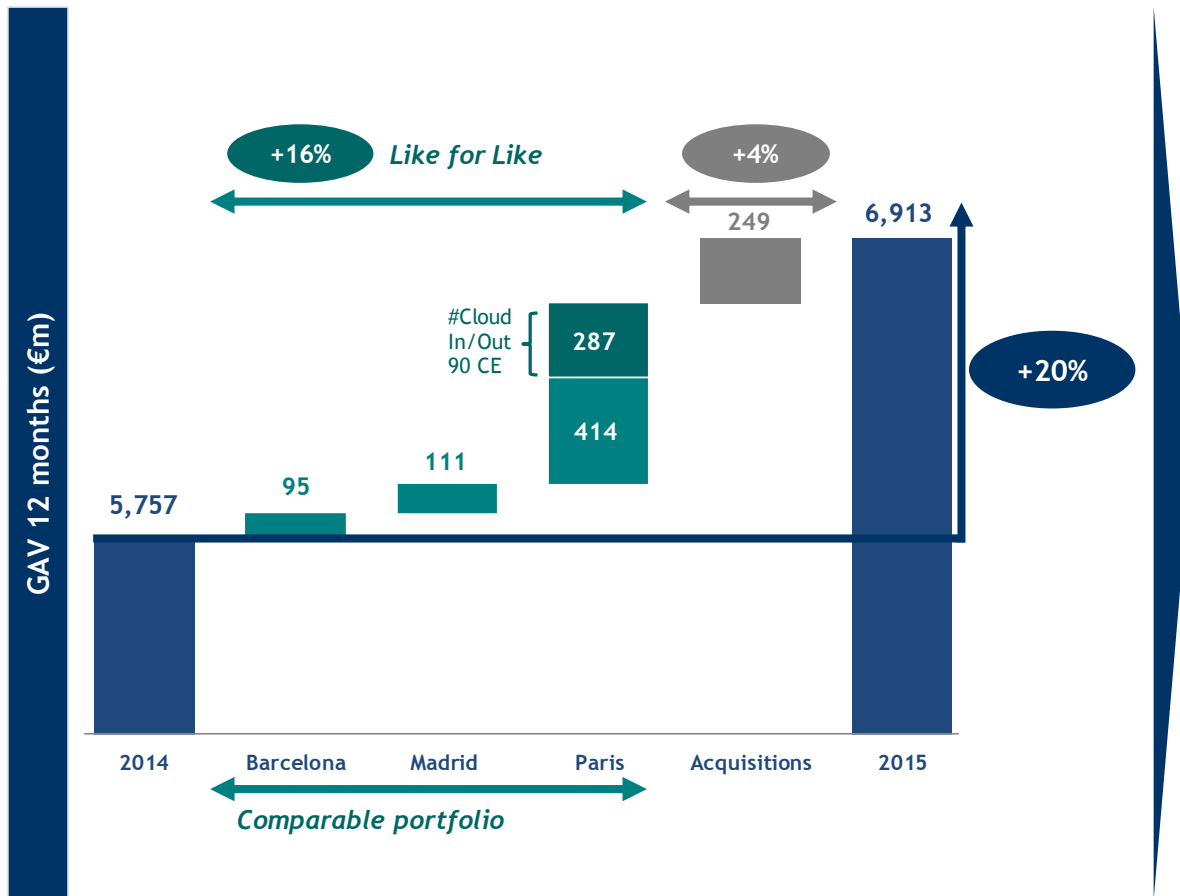
✓ Madrid	+7%
✓ Paris	+6%
✓ Barcelona	+2%
✓ Total Portfolio	+6%

Prime CBD Positioning that delivers superior rental growth

# 4 FINANCIAL REVIEW - 2015

## Strong underlying growth in Gross Asset Values

- Gross Asset Value of €6,913m (€7,239m including transfer costs)
- Significant growth in Gross Asset Values, +16% like for like in a year



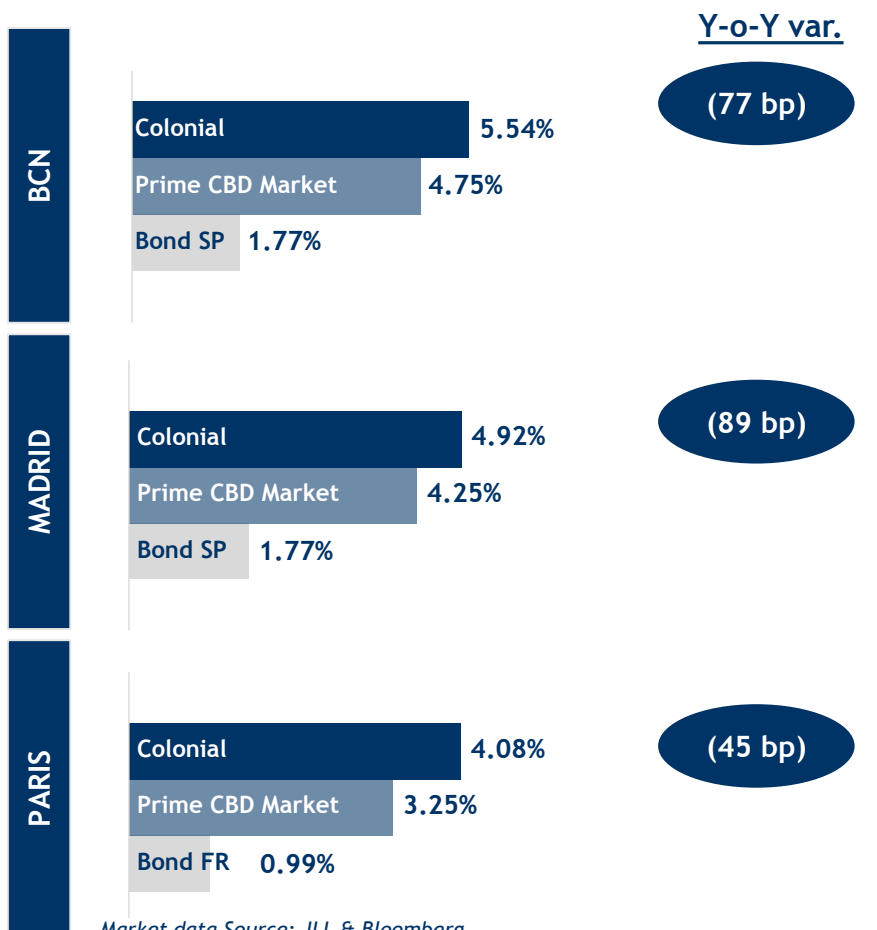
GAV Variance LFL			
	1H15	2H15	Full year
BCN	+10%	+6%	+16%
MADRID	+11%	+5%	+17%
PARIS	+7%	+8%	+16%
<b>TOTAL</b>	<b>+8%</b>	<b>+8%</b>	<b>+16%</b>

# 4 FINANCIAL REVIEW - 2015

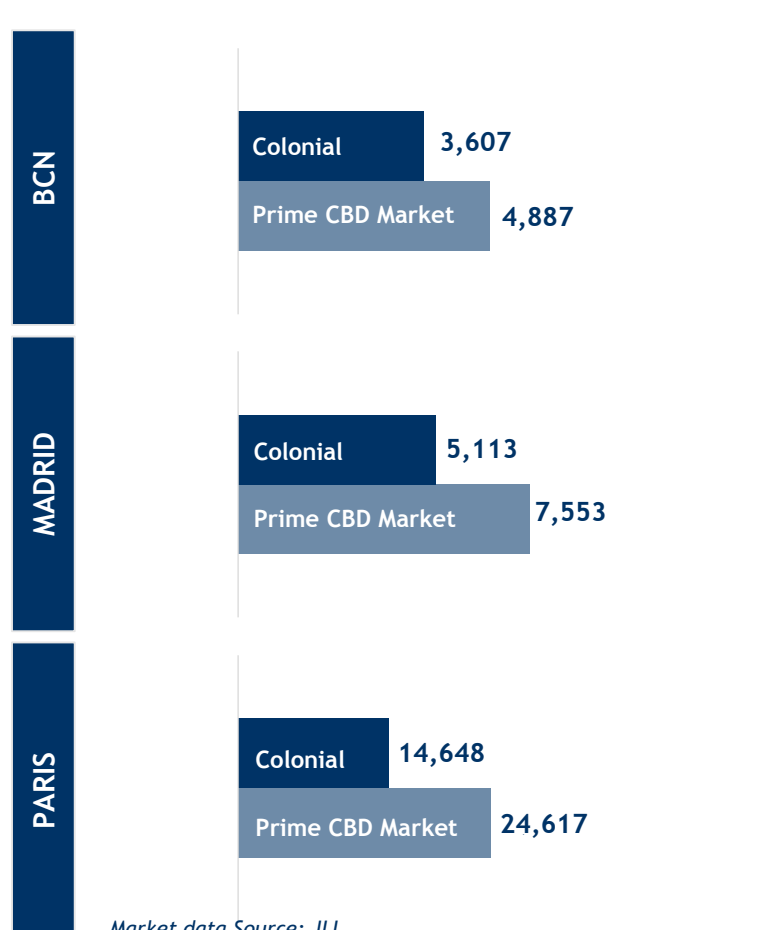
## Strong underlying growth in Gross Asset Values

- Important yield compression in every market, in particular Madrid & Barcelona
- Colonial portfolio at very attractive valuation levels

### Valuation Yields<sup>1</sup>



### Capital Values 12/2015 - €/sq m



(1) Market consultants in Spain report gross yields and in France they report net yields.

# 4 FINANCIAL REVIEW - 2015

## High quality asset base with solid capital structure

First class credit credentials allow for competitive financing costs

### First Class Credit Credentials

#### High Credit Credentials

COLONIAL SPAIN	BBB- with stable outlook (by S&P)
SFL	BBB with stable outlook (by S&P)

#### Solid Capital Structure

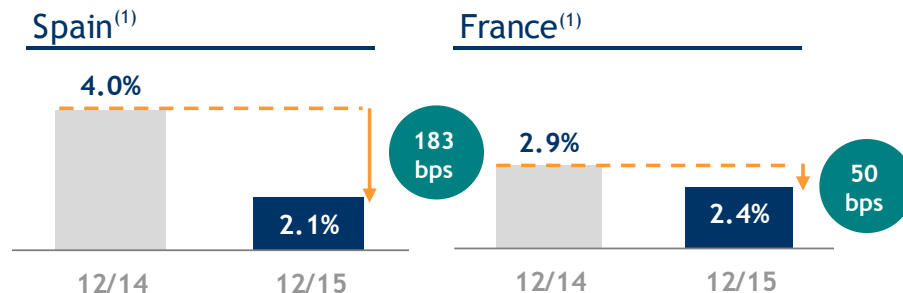
Group LTV  
41.8%

Group Maturity  
4.8 years

### Significant improvement of financing costs

#### Costs savings through active liability management

1. Issuance of €1.2bm bonds in Spain substituting previous syndicate facilities - 4 and 8 years tranches cost of 1.863% & 2.728%
2. Issuance of €500m of bonds in France - 7 years at 2.25%
3. New revolving credit facility in Spain of €350m
4. Renegotiation of €658m of credit lines in France



Highly Competitive Financing

(1) Spot rate as of December 2015

# 4 FINANCIAL REVIEW - 2015

## Successful Liability Management

Optimal financing based on active liability management

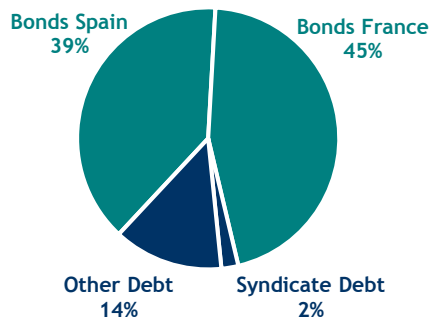
- Competitive financing cost
- First class long term financing & important fire power capacity

### Competitive Finance Costs

Financing costs % - Spot as of 31/12/15



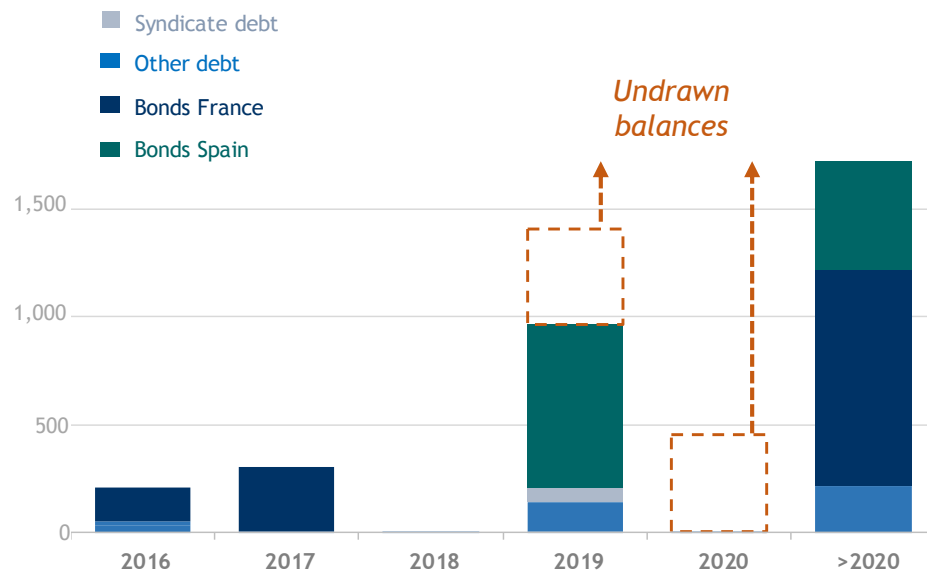
### First class financing with huge fire power capacity



### Available Cash & undrawn balances

Spain	€488m
France	€622m
<b>Total</b>	<b>€1,110m</b>

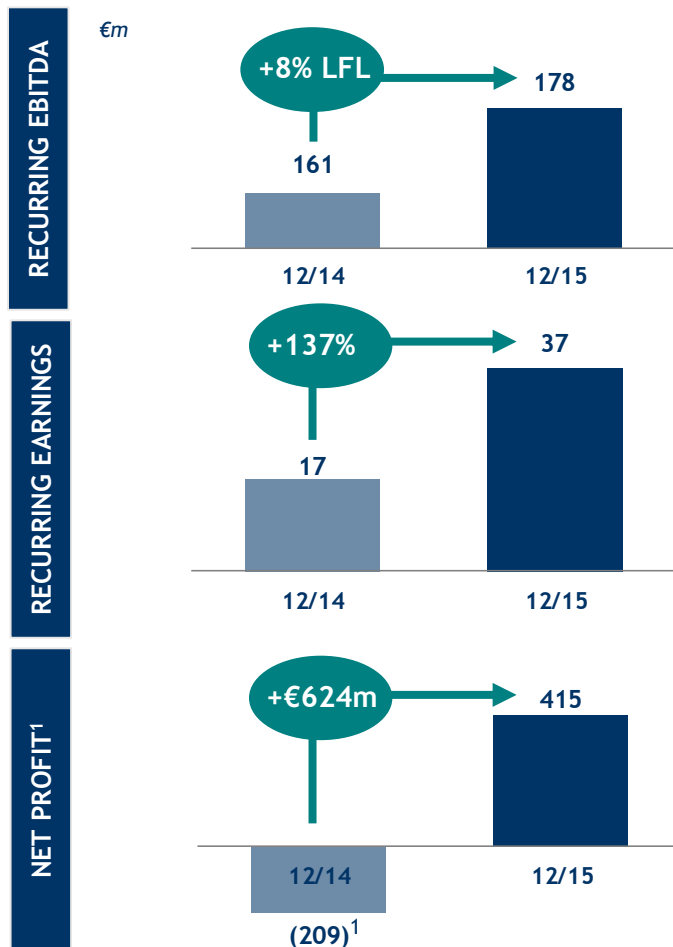
### A long term maturity profile



# 4 FINANCIAL REVIEW - 2015 Profit & Loss Account

Significant increase in Net Profit through:

- Strong operating performance
- Important savings in financing costs
- Prime positioning & Value Added Strategies generating above average growth



Profit & Loss Accounts €m			
Results analysis - €m	2015	2014	Var.
Gross Rents	231	211	20
Net operating expenses <sup>(2)</sup>	(20)	(19)	(1)
Overheads	(33)	(32)	(1)
Recurring EBITDA	178	161	17
Results associated to SIIC de Paris - recurring	0	4	(4)
Recurring financial result	(83)	(102)	18
Income tax expense & others - recurring	(12)	(8)	(4)
Minority interests - recurring	(46)	(39)	(7)
Recurring Earnings	37	17	20
Variation of the asset value & Provisions	715	169	546
Non-recurring financial result & MTM	(48)	(124)	76
Income tax & others - non recurring	(47)	(174)	127
Minority interests - non recurring	(242)	(98)	(144)
<b>Profit attributable before discontinued operations</b>	<b>415</b>	<b>(209)</b>	<b>624</b>
Discontinued operations	0	701	na
Profit attributable to the Group	415	492	na

(2) Includes other income

(1) Before discontinued operations divested in 2014

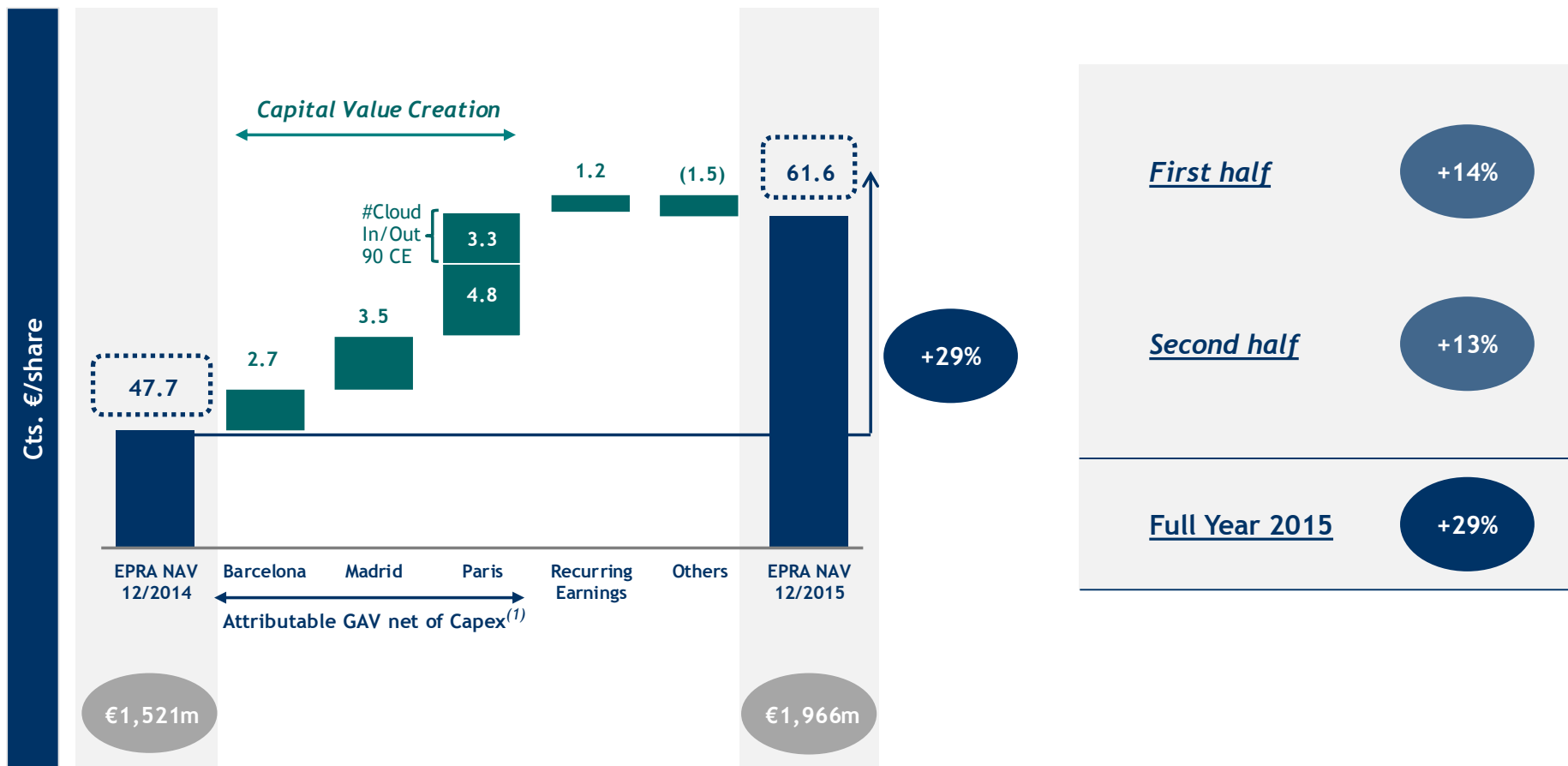
# 4 FINANCIAL REVIEW - 2015

## Double Digit Growth Total Shareholder Return

Strong momentum in NAV growth, +29% year on year increase

### Strong momentum in NAV growth

### Double digit Total Return



(1) Includes net impact of the increase in the transfer tax rate and the additional tax levied (both in France) as from 1 January 2016 (€49m)

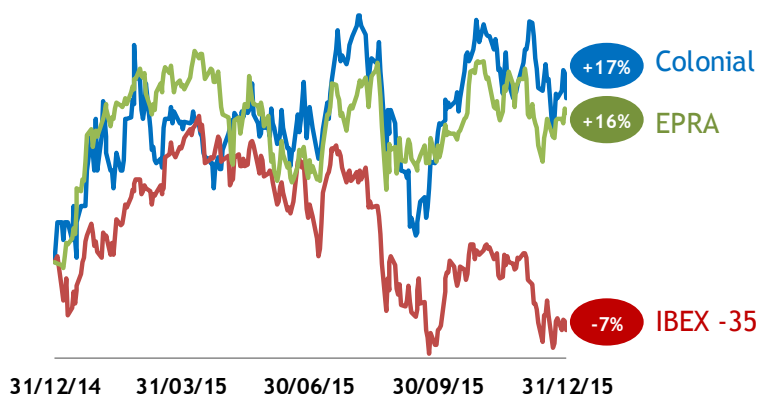


# 4 FINANCIAL REVIEW - 2015

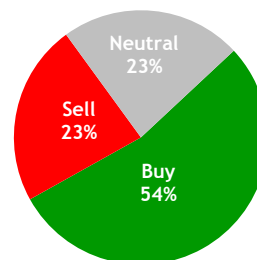
## Strong share price performance

Long term oriented Shareholder Base with important free float & liquidity

### Share price performance

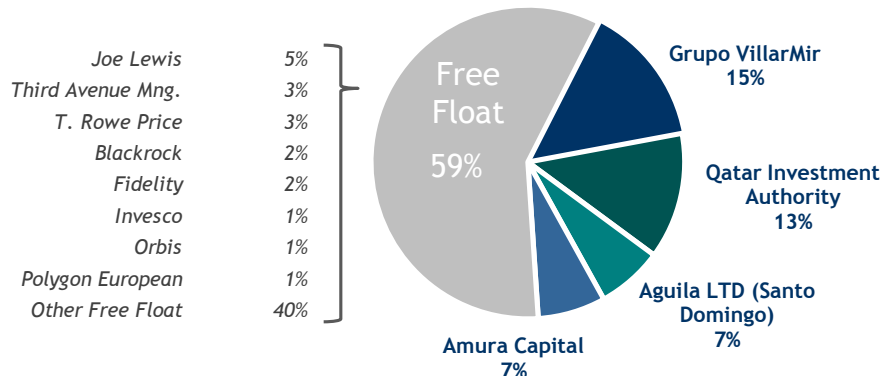


### Analyst recommendation



Target Price consensus	0.71 €/share
Target Price - Minimum	0.58 €/share
Target Price - Maximum	0.95 €/share

### High quality shareholder structure with good liquidity

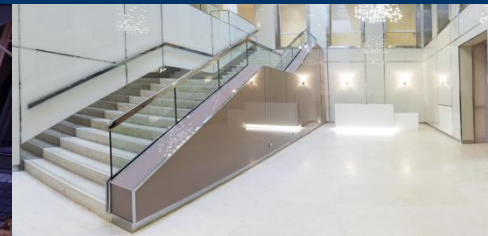


Market Capitalization <sup>(1)</sup>	€2,047 m
Free Float <sup>(1)</sup>	€1,199 m
Av. Daily Trad. Vol. 2015	€7.5 m
Free Float - Turnover	159 days

5

# GROWTH DRIVERS

## - ACQUISITIONS & CURRENT PORTFOLIO -



# 5 GROWTH DRIVERS

## Acquisitions of Prime Assets in CBD

- Acquisition plan on track €475m
- Selective investment approach - focus on Prime Assets in CBD

### Acquisition Target

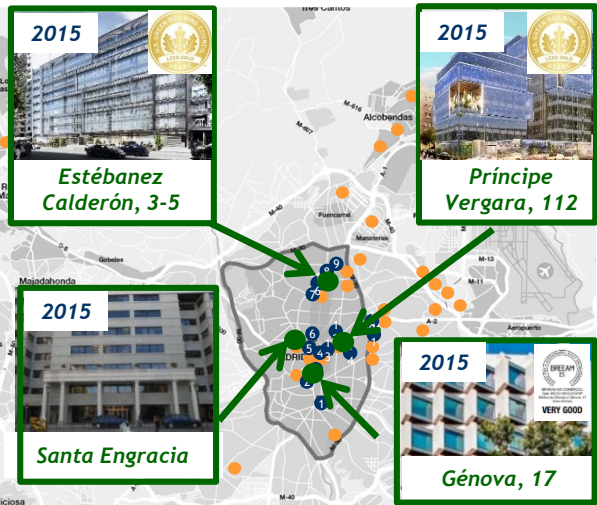
- €1,500m in 5 years
- €300m per annum

### Delivery YTD

€475m<sup>1</sup> invested since November 2014

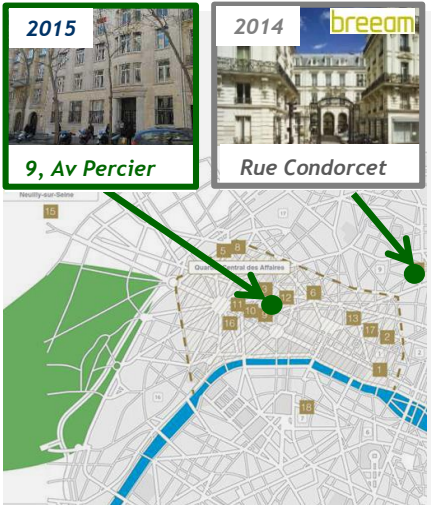
			€m <sup>1</sup>
Nov 14	Condorcet	Paris	230
Dec 14	Plaza Europa	Barcelona	11
May 15	Estébanez Calderon	Madrid CBD	30
Jun 15	Percier	Paris CBD	68
Jul 15	Príncipe Vergara	Madrid CBD	31
Jul 15	Génova 17	Madrid CBD	37
Dec 15	Santa Engracia 120	Madrid CBD	68
			<b>475</b>

### MADRID - 4 acquisitions



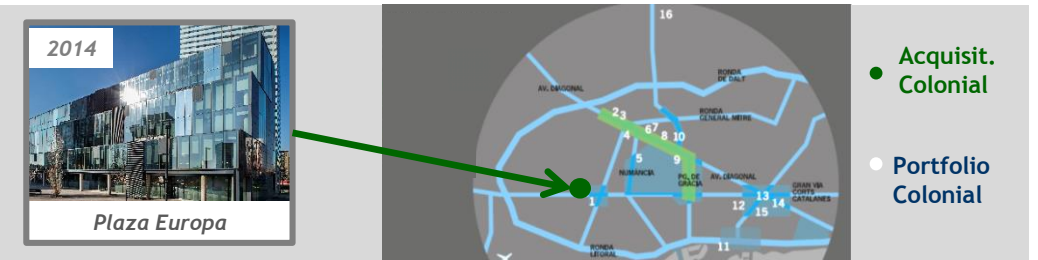
- Acquisitions Colonial
- Portfolio Colonial
- Acquisitions Peers

### PARIS - 2 acquisitions



- Acquisit. Colonial
- Portfolio Colonial

### BARCELONA - 1 acquisition (Plaza Europa)



<sup>1</sup> Including transfer costs

# 5 GROWTH DRIVERS

## Acquisitions of Prime Assets in CBD

- Attractive risk adjusted returns through selective investment approach
- Acquisition returns above target maintaining investment discipline

Investments 2015			Delivery vs Target	
MADRID & BARCELONA	Core Investment	Plaza Europa <i>Barcelona New Business Area</i>		
		Génova 17 <i>Madrid Prime CBD</i>		
		Santa Engracia <i>Madrid CBD</i>		
	Prime Fractory	Estébanez Calderón <i>Madrid Prime CBD</i>		
		Príncipe de Vergara <i>Madrid CBD</i>		
PARIS	Core Investment	Condorcet <i>Paris CBD</i>		
		Percier <i>Paris Prime CBD</i>		

# 5 GROWTH DRIVERS Superior Returns through “Prime Factory” Investments

A unique high-visibility building in Madrid CBD with an important growth potential

SANTA ENGRACIA	CBD - Madrid	Core Investment										
<p><b>Sources of Value Creation</b></p> <ul style="list-style-type: none"> <li>✓ Asset located in an area with significant growth potential in the medium term</li> <li>✓ Secured cash flow with strong covenants</li> <li>✓ Short term reversion</li> <li>✓ Colonial will deploy capex on the building in order to enhance the positioning</li> <li>✓ Obtention of additional GLA through reorganization of spaces</li> </ul>	<p><b>TRANSACTION</b></p> <table border="1"> <tr> <td>Price<sup>1</sup></td> <td>€67m</td> </tr> <tr> <td>GLA<sup>2</sup></td> <td>13,429 sq m</td> </tr> <tr> <td>Parking</td> <td>180 units</td> </tr> <tr> <td>Occupancy</td> <td>95%</td> </tr> <tr> <td>Capital value<sup>3</sup></td> <td>4,478€/sqm</td> </tr> </table>	Price <sup>1</sup>	€67m	GLA <sup>2</sup>	13,429 sq m	Parking	180 units	Occupancy	95%	Capital value <sup>3</sup>	4,478€/sqm	<p><b>OPPORTUNITY</b></p> <ul style="list-style-type: none"> <li>▪ Potential Yield 5%</li> <li>▪ Attractive Total Return</li> </ul>
Price <sup>1</sup>	€67m											
GLA <sup>2</sup>	13,429 sq m											
Parking	180 units											
Occupancy	95%											
Capital value <sup>3</sup>	4,478€/sqm											
		<p><b>breeam</b></p> <p><i>Main characteristics final product</i></p> <ul style="list-style-type: none"> <li>✓ A “Core office building of 13,429sq m located in Madrid CBD</li> <li>✓ The building has a 95% occupancy rate with first class tenants, and will immediately generate rental cash flow</li> </ul>										

1 Excluding transfer costs 2 Surface above Ground 3 Excluding parking spaces

# 5 GROWTH DRIVERS Superior Returns through “Prime Factory” Investments

Prime Factory project execution on track

## ESTÉBANEZ CALDERÓN 3-5

## Prime CBD - Madrid

## Prime Factory Inv.

### Good progress on project execution

- ✓ Definition of project parameters
- ✓ Definition of product features
- ✓ Assignment of architects
  - Estudio Lamela
  - Architect of the new Madrid Airport
- ✓ Obtention of the demolition licence
- ✓ Finishing demolishing works
- ✓ Obtention of project licence



✓ Expected release 2H 2017

### TRANSACTION

Price <sup>1</sup>	€30m
Capex	€13m
Total Inv.	€43m
GLA <sup>2</sup>	10,458 sq m
Capital Value	4,130€/sq m

### OPPORTUNITY

Yield on Cost 7-8 %  
Important Capital Gain

Attractive Total Return



### Main characteristics final product

- ✓ 10,500 sq m of unique office space
- ✓ Absolutely flexible floor plants
- ✓ Maximum efficiency of lettable space (diaphanous plants) with natural light
- ✓ Leed Gold Building



# 5 GROWTH DRIVERS Superior Returns through “Prime Factory” Investments




Prime Factory project execution on track

## PRÍNCIPE DE VERGARA 112

CBD - Madrid

Prime Factory Inv.

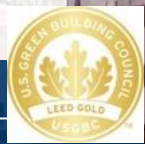
### Good progress on project execution

- ✓ Definition of project parameters 
  - ✓ Definition of product parameters 
  - ✓ Assignment of architects 
    - Ortiz y León
    - Architect of the new BBVA Headquarters
  - ✓ Obtaining of the demolition licence 
  - ✓ Demolishing works to start shortly
- 
- ✓ Obtain of project licence Negotiating underway
  - ✓ Start of construction works After obtaining project license
  - ✓ Expected release 2H 2017

TRANSACTION		OPPORTUNITY	
Price <sup>1</sup>	€30m	Yield on Cost	7 %
Capex	€15m	Important Capital Gain	
Total Inv.	€45m	 <b>Attractive Total Return</b>	
GLA <sup>2</sup>	11,368 sq m		
Capital Value	3,983€/sq m		



- ### Main characteristics final product
- ✓ 11,400 sq m of surface above ground
  - ✓ Flexible spaces (fixed or not fixed positions) and open atriums
  - ✓ Natural light & large garden terraces
  - ✓ Leed Gold Building



1 Excluding transfer costs 2 Surface above Ground

# 5 GROWTH DRIVERS Superior Returns through "Prime Factory" Investments

INITIAL

CURRENT

FINAL

ESTÉBANEZ CALDERON



PRÍNCIPE DE VERGARA





# 5 GROWTH DRIVERS "Core Investments" in Prime CBD

Complementary "Core" investments with important cash generating capacity

## GÉNOVA, 17

### Prime CBD - Madrid

#### TRANSACTION

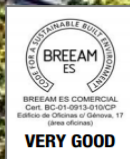
Price <sup>1</sup>	€36m
GLA <sup>2</sup>	4,776 sq m
Occupancy	100%
Capital Value <sup>3</sup>	6,669€/sqm

#### OPPORTUNITY

- Potential Yield 5%
- Attractive Total Return

#### Sources of value creation

- ✓ Strong lease-up: 67% to 100% in 5 months
- ✓ Immediate additional cash flow stream
- ✓ Repositioning of retail space with a significant rental uplift potential
- ✓ Attractive reversion profile
- ✓ Scarce high quality product in Madrid CBD



## 9, AVENUE PERCIER

### Prime CBD - Paris

#### TRANSACTION

Price	€68m
GLA <sup>2</sup>	6,000 sq m
Occupancy	64%
Capital Value	11,506€/sqm

#### OPPORTUNITY

- Potential Yield 5%
- Attractive Total Return

#### Sources of value creation

- ✓ Repositioning of 1/3 of the asset - currently under refurbishment
- ✓ Obtention of Bream certification
- ✓ Scarce high quality product in Paris Opera



# 5 GROWTH DRIVERS

## Attractive growth profile in Gross Rents

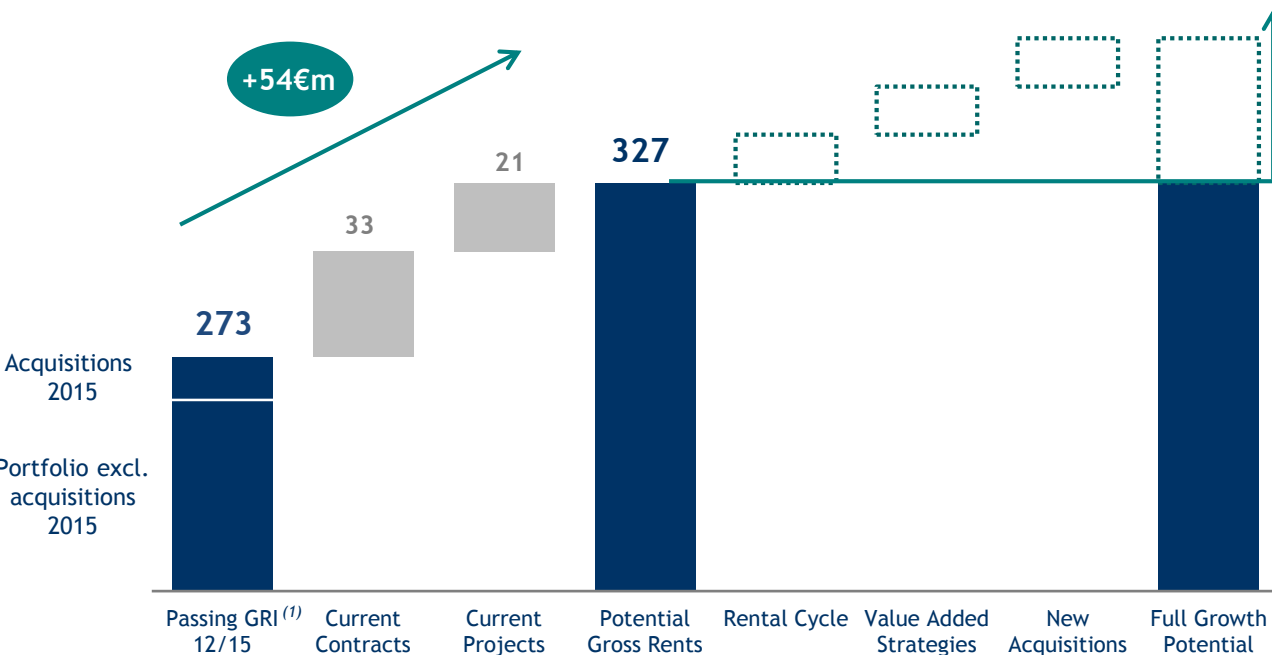
Significant value & cash flow to be unlocked from current portfolio and growth strategy

Passing Gross Rental Income<sup>1</sup> - €m

Reversionary potential

Significant GRI to cristalize in P/L

Sources of additional GRI



1. Significant amount of passing GRI not yet reflected in P/L
2. Strong momentum in operations as solid base for further reversion
  - ✓ From current contracts
  - ✓ From current projects
3. Rental cycle impact to come
4. Additional Value Added / Prime factory initiatives.
5. Further acquisitions



# 6

# CONCLUSION



## 6 CONCLUSION 2015 - A year of outstanding performance

### A year of outstanding performance in operations & financing

---

1

Occupancy improvement as major achievement in ongoing operations

2

Sustainable, strong top line growth in every market

3

Value creation through prime positioning and successful project execution

4

Delivery of acquisition target maintaining selective investment approach and financial discipline

5

Important optimization of capital structure - Investment Grade Rating

6

Superior Total Shareholder Return: +29% in 2015

## 6 CONCLUSION

### *A solid base for future growth*

#### Drivers for future value creation

1

##### Our existing Portfolio

- ✓ Locked in GRI fully to crystalize in P/L & cash flow
- ✓ Additional reversionary potential underpinned by strong momentum in operations
- ✓ Recovery play of rental cycle to be captured in every market
- ✓ Yield compression and capital value growth not exceeded

2

##### Growth strategy with selective acquisition approach

3

##### Value added strategies with above average returns

4

##### Active asset allocation - arbitraging markets and asset cycles

5

##### Ongoing optimization of capital structure & credit profile

#### Attractive Total Shareholder Return

1. BoD dividend proposal<sup>1</sup> of 1.5 cts€/share -> 2.44% dividend yield on 12/15 NAV
2. Capital Value Return - NAV growth

A photograph of a modern, multi-story building with a glass facade. The building is partially obscured by a large, leafy tree in the foreground. The scene is set outdoors with a clear sky and some landscaping in the foreground.

# Q & A